

Fiscal Year 2018 Recommended Budget

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Good Morning Chair Scarborough, members of the Board of County Commissioners, the residents of Mecklenburg County, Department Directors, County employees, and distinguished guests. It is an honor and privilege to present to you my Recommended Budget for Fiscal Year 2018. My remarks this morning will be in two parts: In addition to providing an overview of the most important initiatives in my recommended operating budget, I will also highlight the major investments in infrastructure outlined in my Fiscal Year 2019-FY2023 Recommended Capital Improvement Plan.

FY2019-FY2023 Capital Improvement Plan

First, I will begin with outlining the major investments in my Recommended CIP.

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Mecklenburg County continues to experience significant growth in its population. Recent studies suggest that nearly 50 people a day are relocating here to take advantage of the quality of life our County has to offer. US News and World Report ranked our community as the 14th best place to live in the country. It is imperative that we manage this growth by providing the necessary infrastructure the community deserves today and in years to come.

The Great Recession taught us a lot about affordability and fiscal discipline. Most notably, we went on a “debt diet” by deferring over \$250 million in bonds; we eliminated certificates of participation (COPS) as a financing mechanism. As Chief Financial Officer, I created a debt service fund and pay-as-you go fund. Our commitment to fiscal discipline has not wavered; it has become part of our culture, and is the foundation for my recommended CIP.

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Today, I am recommending a \$1.6 billion Capital Improvement Plan. This plan will meet the infrastructure needs required to accommodate the growth in our community. The total investment of \$1.6 billion is a 51% increase over the FY2014-2018 Capital Improvement Plan. This is an addition to the five-year, \$150 million Capital Maintenance Plan approved by the Board of County Commissioners and commenced with the Fiscal Year 2017 budget.

The Capital Improvement Plan invests in County-owned facilities and assets, school facilities, community college facilities and libraries. It includes a total of 62 projects classified in five categories.

- Charlotte-Mecklenburg Schools – 29 projects - \$936.9 million
- Government Facilities – 14 projects - \$170.8 million
- Park and Recreation – 15 projects - \$277.0 million
- Central Piedmont Community College – 2 projects - \$151.1 million
- Charlotte-Mecklenburg Library – 1 project - \$65.0 million

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The CIP assumes that a bond referendum of \$936.9 million to finance CMS school projects, which with the Board's approval, would be placed on the ballot in November 2017 for consideration by the voters.

Capital Investment in Education

The capital plan for CMS is a significant investment in education facilities. It addresses almost 50% of the projects identified in CMS' 10-year capital needs assessment and more than triples the amount included in the current CIP. Combined with \$90 million from the Capital Maintenance Program, Mecklenburg County is investing over \$1 billion in school facilities over the next six years.

The recommended CIP includes 10 new schools to reduce overcrowding and accommodate student growth, the replacement of old schools, and much needed renovations and additions. The capital plan will replace six of the oldest schools

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in the County – all built in the 1950s (West Charlotte High School, Briarwood Elementary, Collinswood Language Academy, Lansdowne Elementary, Montclair Elementary, and Shamrock Gardens Elementary). It also includes 12 high-priority renovations.

Central Piedmont Community College

Central Piedmont Community College provides a pathway to employment in Mecklenburg County and the CIP supports major upgrades and renovations to the Harris and Central campuses. The Harris Campus project includes a new, 68,000 square foot classroom building, parking, and a retrofit of the existing Harris I building to better accommodate existing programs as well as a new health careers program. The Central Campus project includes the construction of a new Learning Resource Center to support over 3,500 students and critical middle-skill occupational programs such as Paralegal, Legal Assistant and Audio/Video Technician.

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Charlotte Mecklenburg Library

A new Charlotte Mecklenburg Main library is a cornerstone of the innovative North Tryon Vision Plan. In partnership with Bank of America, the Charlotte Housing Authority and the City of Charlotte, the project is part of a 6-acre, 2-block redevelopment which will be a catalyst for the North Tryon Corridor. The new library will be a modern 21st Century Library with meeting and community spaces, and state of the art technology designed to promote learning and innovation.

Bringing Mecklenburg County to You

Mecklenburg County's strategy of Bringing Mecklenburg County to You includes building six Community Resource Centers (CRC) to improve service delivery to those residents accessing health and human services programs. These CRCs will be located where our customers live and work. The first CRC at the Valerie C.

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Woodard Center is under construction and will open in Spring 2018. The recommended Capital Improvement Plan continues the build out of CRC implementation plan. The CRCs located in the east and southwest will be completed by 2023. Funding for land acquisition and design for the CRCs in the west and northeast are also included in this CIP. The CIP also includes needed renovations to the many facilities in the government district including the County Courts and Office Building, the Johnson Building, and the Government Center.

Investments in Public Safety

The recommended Capital Improvement Plan includes needed renovations to Jail Central and Jail North, both of which are over 20 years old. Several projects normally included in our annual Capital Reserve process have been combined into a single capital project that will allow the work to be completed sooner. The total cost is \$32.9 million. In addition, the plan includes \$1.7 million for the relocation of the Sheriff's Office Field Operations

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from the ABC Warehouse to the Work Release & Relocation Center.

Park & Recreation

Funding for Park and Recreation projects continues the County's commitment to health and wellness with a focus on greenway expansion and the construction of two new regional recreation centers, the Eastway Regional Recreation Center and the Northern Towns Regional Recreation Center. During this CIP cycle, the County will achieve one of its highest priorities: completing the Little Sugar Creek Greenway to the South Carolina state line. In total, seven (7) greenway projects are included in the plan as well as funding for the renovations to the David B. Waymer Center and land acquisition for future uses.

Discovery Place Nature Museum

Built in 1951, Discovery Place Nature offers visitors the chance to get close to wildlife and experience nature through hands-on programming, exhibits, and classes. Formerly known as the

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Charlotte Nature Museum, the facility has served Mecklenburg residents for over 65 years. The building is in dire need of updating as the quality of museum exhibits and interactive learning has rendered the museum obsolete. I am very excited that the County and the Museum will partner on a significant public–private partnership opportunity to do a complete rebuild of the facility which will attract 120,000 visitors annually. The County’s share of the \$32 million project is \$16 million.

American Legion Memorial Stadium

In January 2017, the Board of County Commissioners voted to support a proposal to bring major league soccer to Mecklenburg County. The stadium proposal calls for the construction of a new MLS stadium where Memorial Stadium and the Grady Cole Center sit today. The stadium cost of \$175 million will be shared by the team, the County and the City of Charlotte. My recommended CIP includes the necessary funding to fulfill the commitment the County has made to date. I am still hopeful that

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the City of Charlotte will vote favorably to contribute \$43.7 million in tourism dollars to move the project forward.

Closing

I believe that this is a robust, responsible Capital Improvement Plan and I look forward to working with the Board of County Commissioners on its passage and execution.

FY2018 Recommended Operating Budget

Now, I would like to shift your attention to my Fiscal Year 2018 Recommended Operating Budget. The Recommended Budget for Fiscal Year 2018 totals \$1.7 billion, an increase of \$64 million, or 3.9% over Fiscal Year 2017.

The Fiscal Year 2018 Recommended Budget is for the most part a continuation of the work we started three years ago: Make strategic investments in County services, programs and initiatives that will improve people's lives and contribute to the quality of life in this community. For Fiscal Year 2018, we also have the good fortune to incorporate the recommendations of

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the Economic Opportunity Task Force report into our spending plan.

Almost two years in the making, the work of the Economic Opportunity Task Force provides Mecklenburg County a unique opportunity to transition our focus from not only being the safety net for those in need, but a driving force focused on improving the trajectory of people's lives. But, clearly, we cannot do this alone. The work of the task force and the final report have rallied the entire community to eliminate the economic division that exists in our community.

My remarks will serve as an executive overview and highlight the most important investments included in my Recommended Budget. Following my remarks, Management & Budget Director Michael Bryant will present a more complete overview.

The Recommended Budget that I present to you today reflects my commitment as County Manager to build a stronger, better

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tomorrow for our community. It maintains the alignment to the focus areas in our Strategic Business Plan, at the same time making important investments aimed at advancing the recommendations in the Economic Opportunity Task Force report.

Greater Economic Independence for Residents

The ability to readily access County services in the community is a primary goal for the creation of the six Community Resource Centers. However, the integration of that service delivery can ensure that residents access all the services they are eligible for at one time. Doing this effectively will improve economic conditions for those most in need while doing so in facilities that reflect dignity and respect for those we serve. The mission of the CRCs is simple but clear: “Strengthen Families, Promote Wellness, Build Community.”

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The Fiscal Year 2018 operating budget creates a new department, “The Department of Community Resources,” which will house our first Community Resource Center. I am pleased to announce that Rodney Adams, a Deputy Director and 28-year employee of the Department of Social Services, will serve as the Department Director. In total, 110 positions from DSS, Public Health, Child Support Enforcement and Community Support Services will be moved to the new department. In addition, the budget includes three new positions for the CRC including an Assistant Director, Community Service Manager and Social Work Supervisor.

Strengthen Families

The lack of affordable housing has been highlighted as a major disparity in Mecklenburg County. A reported gap of 34,000 units has many in this community seeking solutions in the hopes of identifying and eliminating barriers to the creation of, and preservation of affordable housing units. Although the creation

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of affordable housing is not a core responsibility of the County – we do play a significant role in housing retention. Once individuals locate affordable housing some may need supportive services to ensure they can maintain it. My recommended budget includes \$1.1 million for housing stability and supportive services contracts. The funds will provide wrap-around services to homeless individuals and families. It also funds six mental health clinicians to provide supportive services to chronically homeless individuals through the Housing First Charlotte-Mecklenburg Scattered Site Housing Initiative.

Child protective services is by far the most important work we do in Mecklenburg County. There is no more important work than protecting children from abuse and neglect. Over the past two years we have been working on becoming a best-in-class child protective services system. We started with the Eckerd Study which specifically highlighted our need to develop a practice model for child protective services work and to effectively use data to improve reporting and case management.

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The Fiscal Year 2018 Recommended Budget includes 18 full-time positions to develop, implement and support the new practice model for Youth and Family Services. With the help of the Anne E. Casey Foundation, YFS will create all new policies and procedures and train staff on the business model. In addition, the budget includes funding for the continued implementation of “Safe Measures,” a new data management system specifically designed for child welfare agencies.

Community Health and Wellness

The work to improve operations at our Public Health Department continues. We have engaged two outside consultants, our Internal Audit Department and the State of North Carolina to perform reviews of the Department. While we anxiously await the results of those reviews, we do know that there are gaps which need to be addressed now.

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The Recommended Budget includes two full-time Health Program Supervisors to create a Quality Assurance and Improvement Oversight Team. The team will be led by the Medical Director and will collaborate with five additional existing positions. The Quality Assurance and Improvement Oversight Team will be responsible for monitoring quality assurance and improvement activities across Public Health. The team will manage medical risk, adhere to established program protocols, investigate performance concerns, review audit results, and employ quality improvement principles to enhance operational performance.

Beginning with the Fiscal Year 2015 budget, we made a commitment to fund a school nurse for every CMS school. This commitment continues with the addition of three school nurse positions to align with the opening of three new schools in the coming year.

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While our commitment to funding school nurses has not wavered, we have experienced difficulty attracting and retaining qualified nurses. As the Human Resources Department in conjunction with Public Health develop strategies to solve this, we need to ensure we have nursing coverage at every school. My Fiscal Year 2018 Recommended Budget includes \$300,000 to create a school nurse float pool. The positions will be used on an on-call basis for vacancies, absences, and to support schools with a higher demand for services.

Our continued investment in our vast parks and recreation network contribute heavily to the health and wellness in this community. As we continue to invest in expanding our infrastructure, we too must invest in operations and maintenance of these important assets. My Recommended Budget includes a \$2.8 million increase for the Park and Recreation Department. This increase includes funding for 11 full-time positions and 16 part-time positions to operate facilities that opened in Fiscal Year 2017, and those that will come online

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in Fiscal Year 2018. The funding will also enhance efficiencies of the operation by replacing several manual gates at park entrances with more modern electronic gates.

Investments in Criminal Justice

The County's partnership with the criminal justice agencies in our community has made Mecklenburg County a leader in this area. Instead of viewing criminal justice as punitive, we seek opportunities to provide enhanced services that will enable residents to easily access the criminal justice system, as well as improve outcomes for those that do become involved with the system.

The Fiscal Year 2018 budget includes funding for a dedicated full-time position for the Self-Service Center at the Mecklenburg County Courthouse. The additional position would allow the Center to increase its operating hours from 8:30AM - 12:00PM to 8:30AM - 5:00PM.

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The budget includes funding for a Juvenile Case Coordinator dedicated to the management of child abuse, neglect, dependency cases and delinquency cases. This dedicated position will allow Family Court to better collaborate with Youth and Family Services to reduce the time to achieve family permanency.

Our court system has not completed a strategic plan in over 10 years – it is long overdue. My recommended budget includes funding for a Court Officials Strategic Plan to identify goals, objectives, and best practices that should be implemented locally.

Sheriff Carmichael speaks frequently about the daily challenges at the jail. The jail population, while down significantly in recent years, has become more difficult to manage. Youthful offenders suffering from mental illness present unique challenges. My

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recommended budget includes funding to add two Mental Health Clinicians to provide needed services specifically for youthful offenders.

Economic Development

The Board of County Commissioners has been working on an expanded footprint in the area of economic development. The desire to be more intentional about how and where to invest economic development dollars has resulted in a targeted economic development strategy.

In Fiscal Year 2017, we undertook a study to examine the small business ecosystem in the County, and identify gaps and strategies to help the sustainability, expansion and creation of small business in our community.

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My Fiscal Year 2018 Recommended Budget includes an additional investment of \$174,000 to support the new small business and entrepreneurial growth strategy. This funding will support the addition of two new positions to execute the Board's vision for promoting the creation and retention of small businesses throughout the County.

Leverage Financial Resources

The 2019 property revaluation is fast approaching. Our County Assessor and his amazing team have been working for the past two years to get us ready. In Fiscal Year 2018 this work continues in earnest. My recommended budget includes \$731,000 for 14 additional positions including five Assessment Analysts, one Real Property Appraiser Manager, five Real Property Appraiser Technicians, two administrative support positions, and a Quality and Training Specialist. Since becoming County Manager I have added 26 positions to the County Assessor's Office to ensure the Office is adequately resourced to successfully complete not only

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the 2019 revaluation, but all future property revaluations. The plan for Fiscal Year 2018 also includes spending \$948,000 for temporary staff and \$130,000 to develop a communications plan.

Talent Management - Our Most Valuable Asset – County Employees

Next, I will touch on the investment in our organization's most valuable resource – our County employees. We cannot achieve the goals the Board has established for this community without high-performing employees. In order to hire and retain the best and the brightest we need to invest in employees. My Fiscal Year 2018 Recommended Budget includes \$6.8 million for employee compensation including merit increases, market rate adjustments and special separation allowance for Sheriff's deputies. Health insurance costs continue to rise and the Recommended Budget includes an additional \$6.3 million to cover anticipated increases in medical claims.

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In addition to salary and health insurance benefits, my Recommended Budget includes two new benefits for County employees.

First, beginning July 1st, we will offer a pre-tax Commuter Reimbursement Account benefit for employees who ride CATS buses, light rail or vanpools. Employees can designate up to \$255 per month on a pre-tax basis for these commuting expenses. I would like to thank Dionne Taylor from the Register of Deeds Office who brought this benefit to my attention during one of my Facebook Q&A sessions.

The second new benefit is the roll-out of a paid parental leave program. This new benefit will provide 100% employer paid time away from work for the birth, adoption or placement of a child, as defined by the Family and Medical Leave Act (FMLA) for

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eligible employees. Paid parental leave will run for six consecutive weeks concurrent with FMLA.

I believe the addition of these new benefits will solidify Mecklenburg County as a great place to work.

After the turbulent times in September 2016, I reported to the Board and the community that Mecklenburg County would look internally at its operations, policies and procedures to ensure equal access to services by every resident who needs them. My Recommended Budget includes \$200,000 to fund Phase One of our new Equity and Implicit Bias Strategic Plan. Phase One will include an assessment of the County's equity opportunities and challenges, training for key County staff, and the development of an Equity Action Plan.

Education

One of the determinants in the Opportunity Task Force Report is College and Career Readiness. The Report suggests that we must

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change the current mindset around technical education and community colleges for students at all income levels.

Central-Piedmont Community College is the critical partner in our community that focuses solely on college and career readiness. They help prepare our high-school graduates as well as those transitioning to new careers for college, and provide the job skills required to build a successful career path. I look forward to working closely with CPCC President, Dr. Kandi Dietemeyer, on strategies to expand our successful partnership. To support these efforts, I am recommending full funding of CPCC's operating budget request of \$620,000. This represents a 1.8% increase over Fiscal Year 2017.

Another key determinant identified in the task force report is Early Care and Education. The data is clear -- children that have early childhood education experiences are more likely to graduate high school, attend college, increase their earning

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potential over their lifetime, and reduce the risk of becoming involved in the criminal justice system.

For too long, we have focused our investments in education on K through 12 and community colleges. But what we have learned is that while those investments are sound, too many children enter kindergarten not ready to learn. They don't possess the basic language and social skills needed to be successful. And worse than that, their ability to catch-up is hampered by inadequate supports to teachers and families.

My Fiscal Year 2018 Recommended Budget attempts to take a small step in helping to reverse this trend. The budget includes \$6 million dollars to expand the child care subsidy program. Child care subsidies are for working families making 200% or below the federal poverty line. As of April 30, 2017, there were 3,488 children age birth to five on the waiting list for child care subsidy. This \$6 million investment will allow 824 children to attend an

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early childhood program and would eliminate all four- and five-year-olds from the waiting list.

While this is truly a small step, I believe that Mecklenburg County is poised to be the leader in this area. By taking this on as our accountability, we can have a significant impact on economic opportunity in this community.

As you know, Mecklenburg County has been a lead funder and creator of Read Charlotte. Read Charlotte is a community initiative that unites families, educators and community partners to improve children's literacy from birth to third grade with a goal of doubling reading proficiency from 39% to 80% by 2025. Reading proficiency at third grade is a critical predictor of school, career and life success. Children who are not reading at grade level by third grade are four times more likely to drop out of high school.

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As Read Charlotte has gained momentum, it has identified numerous strategies proven to positively impact reading proficiency. However, there is a need to improve the availability, quality and use of data for decision making and tracking progress toward achieving the 2025 goal. The Read Charlotte Data Collaborative will use common assessments standardized program evaluation and professional development to create a data driven culture, drive performance improvement and enhance the effectiveness of providers participating in the collaborative.

My Recommended Budget includes \$300,000, \$100,000 a year for three years, to support the data collaborative. This investment will allow us to make education related funding decisions based on metrics and sound practice.

The public library touches everyone at all points of their life. I am excited about the new main public library that is funded in my

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recommended CIP. My recommended operating budget includes \$1 million dollars in recurring funds to purchase collection materials. In addition, I am recommending that the library receive \$500,000 in non-recurring funding for the same purpose.

Finally, in the area of education, is funding for Charlotte-Mecklenburg Schools. CMS requested an increase of \$27 million or 6.5%. My Fiscal Year 2018 Recommended Budget includes an additional \$15.3 million or an increase of 3.7%. This will support the costs of opening new facilities, cost increases for health and retirement benefits, sustaining operations, and a portion of request to expand student support services including guidance counselors and social workers.

Community Service Grants

Last fall, the Board of County Commissioners supported the addition of a sunset provision to the Community Services Grant program. The purpose of this provision is to retain funding to

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those agencies that should continue to provide services on the County's behalf, and allow new providers to compete for funding. My Recommended Budget includes funding for 28 agencies. Five are receiving grant funds for the first time, six are repeat grant recipients and 17 will receive vendor contracts with County departments. There are five agencies that are recommended for sunset.

Tax Rate for Fiscal Year 2018

For the fourth year in row, I am recommending a sound, responsible, balanced budget that keeps the property tax rate stable at 81.57 cents per \$100 of assessed valuation. In addition to maintaining the current property tax rate, I am recommending an adjustment to the annual appropriation to the debt service fund from 20 cents to 19.5 cents. This decision will have no impact on funding my Recommended Capital Improvement Plan or the County's coveted AAA bond rating.

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Closing

I want to take this opportunity to thank all of my staff who worked so hard on this Recommended Budget. This includes the members of my executive team, Management & Budget Director Michael Bryant and the Office of Management and Budget staff, Monica Allen and the Performance and Evaluation staff, the Department of Financial Services, Danny Diehl and the Public Information staff, and my entire Cabinet and their staff. I also want to thank the residents of Mecklenburg County who have communicated with me, provided their thoughts and insights, and have helped inform the Recommended Budget being presented today.

I also want to thank the Board of County Commissioners for your continued support. Your leadership is undeniable, and your commitment to this community is without question. Your leadership has helped Mecklenburg County continue to maintain its great strength.

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With that, I will turn the presentation over to Management & Budget Director Michael Bryant to provide some additional information about the Fiscal Year 2018 Recommended Budget.

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